

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 A-01 FBO-01 SY-04 INT-08 RSC-01 DRC-01

/042 W

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R P 140910Z JUN 74

FM USMISSION BERLIN

TO SECSTATE WASHDC 3521

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMCONGEN LENINGRAD PRIORITY

C O N F I D E N T I A L BERLIN 1003

EO11652 GDS

TAGS: PFOR, ALBD, GE, US

SUBJ: ADMINISTRATIVE ARRANGEMENTS FOR US EMBASSY IN EAST BERLIN

REF: STATE 122063

LENINGRAD PASS STANGE (A/FBO)

1. MISSION OFFICER MET JUNE 12 WITH LOEFFLER, DIRECTOR OF DIENSTLEISTUNGSSAMT (DLA), AND LAETZSCH, GDR FOREIGN MINISTRY, TO MAKE PRESENTATION AS REQUESTED IN REFTEL AND TO ARRANGE FOR INSPECTION OF PROPOSED CHANCELLERY BY STANGE AND TRYDE (SEPTELS).

2. AS REGARDS "ADDITIONAL SPACE" IN PRPOSED CHANCELLERY BUILDING AND IN HEINRICH-MANN-STRASSE PROPERTY (PARA 2. (1) AND (2) REFTEL), RENTAL IS COMPUTED AT FULL RATES BECAUSE OF DLA ADMINISTRATIVE DECISION DESIGNED TO SET LIMIT ON "ADDITIONAL SPACE" ENTITLED TO LOWER RENTAL RATES. LOEFFLER EXPLAINED THAT, IN RENOVATING EAST BERLIN PROPERTIES FOR DIPLOMATIC OCCUPANCY, DLA HAD EXPERIENCED EXCESSIVE TRANSFORMATION OF "PRIME SPACE" INTO "ADDITIONAL SPACE" BECAUSE OF HEAVY REQUIREMENTS FOR CLOSETS, HALLWAYS, ETC.

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DLA RULE OF THUMB ARBITRARILY LIMITS "ADDITIONAL SPACE"

IN CHANCELLERY ENTITLED TO LOWER RENTAL RATE TO 50 PERCENT OF "PRIME SPACE"; CORRESPONDING FIGURE FOR RESIDENCE PROPERTY IS 25 PERCENT. (COMMENT: LOEFFLER WAS AT FIRST UNABLE TO EXPLAIN BASIS USED TO DETERMINE "ADDITIONAL SPACE," RENTAL ON WHICH COMPUTED AT FULL RATES. AFTER CONSULTING HIS STAFF, HE PROVIDED INFORMATION GIVEN ABOVE. HOWEVER, SOME ON-THE-SPOT CALCULATIONS MADE CLEAR "ADDITIONAL SPACE" AREAS IN TWO PROPERTIES, RENTAL OF WHICH COMPUTED AT FULL RATES, DO NOT EQUAL LIMITS ESTABLISHED BY DLA. LOEFFLER SAID DISCREPANCIES PROBABLY DUE TO EXCLUSION OF SOME "ADDITIONAL SPACE" IN CELLARS OF BUILDINGS FROM DLA CALCULATIONS. HE PROMISED OBTAIN EXACT DATA AND EXPLAIN IN DETAIL TO STANGE UPON LATTER'S VISIT TO BERLIN NEXT WEEK. END COMMENT.)

3. IN APPARENT CONTRADICTION, LOEFFLER ON ONE HAND CONFIRMED DEPARTMENT'S UNDERSTANDING REGARDING COMPUTATION OF FINAL RENTAL RATES ON PROPOSED CHANCELLERY BUILDING, ON OTHER OUTLINED LIMITATION ON "ADDITIONAL SPACE" WHICH COULD QUALIFY FOR LOWER RATE (PARA 2 ABOVE). MISSION OFFICER NOTED THAT DLA POSITION RAN COUNTER TO DEPARTMENT'S UNDERSTANDING AND CLARIFICATION WAS OBVIOUSLY IN ORDER. LOEFFLER STRESSED THAT RENTAL ESTIMATE ON PROPOSED CHANCELLERY BUILDING REPRESENTED UPPER LIMIT, FINAL FIGURE SUBJECT TO POSSIBLE DOWNWARD REVISION. (COMMENT. IN OUR VIEW, LOEFFLER'S REMARKS INDICATE GDR POSITION NOT FIRM AND THAT SOME MODIFICATION POSSIBLE. FACT THAT VIRTUALLY ALL OF 1,847.40 SQUARE METERS OF "ADDITIONAL SPACE" COULD, ACCORDING OUR CALCULATIONS, BE ENTITLED TO LOWER RENTAL RATE UNDER DLA 50 PERCENT RULE, PROVIDES SUFFICIENT ROOM FOR FLEXIBILITY IN NEGOTIATIONS. END COMMENT.)

4. LOEFFLER WAS DISTINCTLY COOL TO POSSIBILITY THAT US MIGHT WISH TO USE WALDSTRASSE 10 PROPERTY FOR MARINE GUARDS. HE THOUGHT BUILDING NOT ONLY FAR TOO LARGE FOR MARINES BUT INDICATED THAT GDR NOT INCLINED TO ALLOCATE ITS SCARCE RESIDENTIAL PROPERTY IN SUCH MANNER. HE VOLUNTEERED TO LOOK INTO ALTERNATIVE POSSIBILITIES, EITHER HOUSE OR APARTMENTS.

5. LOEFFLER NOTED THAT WORK ON RESIDENCES AT PFEILSTRASSE 10 AND 14A IS PROGRESSING RAPIDLY. HE WARNED THAT UNLESS US WISHES REGARDING RENOVATIONS ARE MADE KNOWN SOON, US WOULD

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BE RESPONSIBLE FOR FUNDING ALTERATIONS AFTER COMPLETION OF RECONSTRUCTION WORK. PARENTHETICALLY, HE MENTIONED THAT UNLESS IT IS BEGUN SOON, RENOVATION WORK ON CHANCELLERY BUILDING MIGHT BE DELAYED DUE TO SUMMER VACATIONS.

6. COMMENT: BOTH BOEFFLER AND LAETZSCH CLEARLY CONCERNED WITH PACE AT WHICH PROPERTY QUESTIONS BEING RESOLVED. LAETZSCH, RECALLING THAT US ADMIN TEAM HAD SPOKEN IN MARCH OF NEEDING

SOME FIVE TO SIX WEEKS TO STUDY FLOOR PLANS AND RENTAL FIGURES, REMARKED THAT QUARTER YEAR HAD NOW PASSED. HE EXPRESSED FEAR THAT QUESTIONS JUST RAISED AND PROSPECTIVE ENGINEERING INSPECTION SUGGESTED THAT PROPERTY ARRANGEMENTS WOULD BE DELAYED SEVERAL MORE WEEKS. HE WONDERED ALOUD WHETHER DELAY IS DUE TO ADMINISTRATIVE REQUIREMENTS OR TO TACTICAL CONSIDERATIONS ON US SIDE. IN THIS CONNECTION, LAETZSCH NOTED THAT DEPARTMENT SPOKESMAN, COMMENTING ON "FIRST SECRETARY HONECKER'S" AP INTERVIEW REMARKS ON ESTABLISHMENT OF US-GDR DIPLOMATIC RELATIONS (BERLIN 926), SAID THAT MATTER WAS OF NO URGENCY FOR US.KLEIN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REAL PROPERTY ACQUISITION, BUILDING OPERATIONS, EMBASSIES, BUILDINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BERLIN01003
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740154-0737
From: BERLIN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740646/aaaabnae.tel
Line Count: 127
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 122063
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 30 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 APR 2002 by elyme>; APPROVED <20 FEB 2003 by izenbei0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ADMINISTRATIVE ARRANGEMENTS FOR US EMBASSY IN EAST BERLIN
TAGS: PFOR, ABLD, GC, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005